

BEFORE THE DEPARTMENT OF ENVIRONMENTAL QUALITY
OF THE STATE OF MONTANA

In the matter of the amendment of ARM)	NOTICE OF AMENDMENT AND
17.85.101, 17.85.103, 17.85.105,)	ADOPTION
17.85.107, 17.85.110, 17.85.111,)	
17.85.114, and the adoption of New Rule)	(ALTERNATIVE ENERGY)
I pertaining to the Alternative Energy)	
Revolving Loan Program)	

TO: All Concerned Persons

1. On July 6, 2006, the Department of Environmental Quality published MAR Notice No. 17-249 regarding a notice of proposed amendment and adoption of the above-stated rules at page 1678, 2006 Montana Administrative Register, issue number 13.

2. The department has amended ARM 17.85.101, 17.85.103, 17.85.105, 17.85.107, 17.85.110, 17.85.111, and 17.85.114, and adopted New Rule I (17.85.104) exactly as proposed.

3. The following comments were received and appear with the department's responses:

COMMENT NO. 1: A commentor asked about the elimination of a minimum loan amount in proposed ARM 17.85.107. The commentor asked if the department has considered that the cost of administration/due diligence/underwriting for a loan of \$100 is the same as one for \$40,000.

RESPONSE: The department has considered the financial impact of making small loans, and has allowed the financial contractor to adopt a minimum loan origination fee to cover its costs. The intent of the program is to allow Montanans to access loan funds for qualified projects, and there are very few renewable energy systems that would qualify for funding that would require less than a \$3,000 loan. To date, the smallest loan the program has financed was for a pellet stove system that cost between \$3,000 and \$4,000, so there has not been a problem with very small loans. The department is not changing the proposed rule.

COMMENT NO. 2: The same commentor concurred with the proposed amendments concerning loan conditions in ARM 17.85.114(4)(a) through (e). Further, the commentor recommended that the interest rate established each year be tied to the federal fund rate or the ten-year U.S. Treasury Bill rate on January 31 of each year.

RESPONSE: Under ARM 17.85.114(4)(e), which allows the department to evaluate other factors that it determines to be appropriate, the department may, if it determines them to be an appropriate factor, use the federal rates mentioned in the comment as one of the criteria used to set annual interest rates. The department is committed to keeping interest rates low enough to meet the intent of the law to

establish a low interest revolving loan program, and to keep rates attractive to potential borrowers. Because use of the federal rates may not always achieve this goal, the department is not changing the proposed rule.

Reviewed by:

DEPARTMENT OF ENVIRONMENTAL
QUALITY

/s/ John F. North

JOHN F. NORTH
Rule Reviewer

By: /s/ Richard H. Opper

RICHARD H. OPPER
Director

Certified to the Secretary of State, December 11, 2006.